



REPORT TO SHAREHOLDERS

IGM Financial and its operating companies experienced an increase in net earnings in 2011. Average total assets under management increased year over year.

Investors Group and Mackenzie Financial, the Company's principal businesses, continued to generate business growth through product innovation, investment management, resource management and distribution expansion throughout the year.

The Company is well diversified through its multiple distribution channels, product types, investment management units and fund brands. Assets under management are diversified by country of investment, industry sector, security type and management style.

We believe the vast majority of Canadians are best served through the support of a financial advisor who can help them to plan for and achieve their financial goals. The importance of financial advice became clearer throughout the financial services industry in the last few years based on emerging research and continued public interest in enhanced financial literacy.

The scope of our business and our association with other members of the Power Financial Corporation group of companies have placed the Company in a position of leadership and strength in the financial services industry. Together, these elements will enable IGM Financial to create long-term value for its clients, consultants, advisors, employees and shareholders over time.

FINANCIAL HIGHLIGHTS

Operating earnings available to common shareholders¹ for the year ended December 31, 2011 were \$833.0 million or \$3.22 per share compared to operating earnings available to common shareholders of \$758.9 million or \$2.89 per share in 2010.

Net earnings available to common shareholders, including other items, for the year ended December 31, 2011 were \$900.6 million or \$3.48 per share compared to net earnings available to common shareholders, including other items, of \$730.7 million or \$2.78 per share in 2010.

Total assets under management at December 31, 2011 totaled \$118.7 billion. This compared with total assets under management of \$129.5 billion at December 31, 2010, a decrease of 8.3%.

Dividends were \$2.10 per share for the year, up from \$2.05 in the prior year.

INDUSTRY PERSPECTIVE

Market fluctuations in recent years and increased volatility in the latter half of 2011 have left investors with many questions on how best to manage their resources for the future. In this context, a strong relationship with an advisor to keep focused on long-term financial goals is important.

The significant role of an advisor in helping with financial planning is appreciated by the vast majority of investing Canadians. The Investment Funds Institute of Canada (IFIC) has now published six annual surveys since 2006 indicating that approximately 81% of mutual fund investors preferred to invest through an advisor and they highly rated the support and advice provided by their advisors.

Research shows that Canadians who rely on advice to guide their financial decisions are wealthier, more confident and better prepared for the financial implications

of marriage, a new child, their children's education, retirement and other life events than those who do not have the benefit of advice.

Canadians' ability to access personal financial planning advice is an important factor in enabling retirees to plan for and live comfortably in retirement. Research by IFIC and the Financial Planning Standards Council (FPSC) demonstrates that advised households are more likely to save regularly for retirement, make more use of tax-advantaged solutions such as RRSPs, and have portfolios that are better designed for future performance than non-advised households. In fact, 70% of households with an advisor had an RRSP, versus only 30% where there was no advisor. As well, 74% of investors with an advisor are confident they will have enough money to retire comfortably, compared to only 52% of those without an advisor.

One of the greatest advantages for Canadians with financial advisors is the determination to save and stay invested, leading to substantially larger invested asset levels. The greatest impact of the advisor is often when their client has little already invested. Recent studies have shown that 37% of Canadians with an advisor had less than \$10,000 of invested assets when they first began working together (57% had less than \$25,000 and 74% had less than \$50,000).

OPERATING HIGHLIGHTS

The Investors Group Consultant network continued to expand by opening five new region offices during 2011. We now have 106 region offices across Canada. There were 4,608 Consultants at December 31, 2011.

Investors Group continued to respond to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice. Throughout the year, Consultants worked with clients to help them understand the

¹ Please refer to the reconciliation of non-IFRS financial measures to measures prescribed by IFRS in Management's Discussion and Analysis (MD&A) on Page 17 of this Annual Report.

impact of financial market volatility on their long-term financial planning.

Investors Group mutual fund assets under management were \$57.7 billion at the end of 2011, compared to \$61.8 billion at December 31, 2010. Mutual fund sales were \$6.0 billion compared to mutual fund sales in 2010 of \$5.7 billion. Our redemption rate on long-term mutual funds was 8.8% at December 31, 2011, compared to 8.3% at December 31, 2010. Net sales of mutual funds in 2011 were \$39 million.

Mackenzie maintained its focus on delivering consistent long-term investment performance true to the multiple styles deployed in the investment process, while emphasizing product innovation and communication with advisors and investors. Our focus is evidenced by the strength of Mackenzie's relationships with financial advisors, the work undertaken with investor and advisor education programs and our commitment to focusing on active investment management strategies. During 2011, Mackenzie broadened its investment choices for Canadians by adding several new funds and more options, including tax-deferred solutions.

Mackenzie's total assets under management were \$61.7 billion at the end of 2011, compared to \$68.3 billion at December 31, 2010. Total sales were \$10.3 billion, down from the prior year level of \$12.2 billion. Total net redemptions for the year were \$2.5 billion, compared to \$1.5 billion in 2010.

IGM Financial continues to build its business through a strategic focus on multiple distribution opportunities delivering high-quality advice, innovative investment and service solutions for investors. Our scale and investment in technology and operations continue to help us manage our resources effectively and develop long-term growth in our business. Our stability in our various businesses, combined with our association with the Power Financial Corporation group of companies, provides the foundation for lasting relationships with our various stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

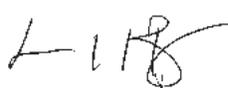
IGM Financial is committed to the principles of corporate social responsibility. We have a long-standing practice of corporate giving through a range of philanthropic activities at IGM Financial and within each of our operating companies. Our people contribute to communities across Canada through active participation in volunteer organizations, industry committees and professional associations. We conduct our business in a manner that respects the long-term financial, economic, environmental and social interests of the communities in which we operate. Fundamental to our activities is our belief in the value of advice in contributing to the advancement of the financial literacy and financial security of Canadians. IGM Financial is committed to the principles of good governance practices which consider the long-term returns to the Company's shareholders and its responsibilities to its clients. In keeping with this commitment, the Company has adopted an extensive written code of conduct that governs its directors, officers and employees.

LOOKING AHEAD

As Canadians reflect on recent market volatility and their financial resources for the future, they will increasingly be focused on making informed decisions to provide for their long-term financial planning needs.

IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, service innovations, effective management of the Company and long-term value for our clients and shareholders.

On behalf of the Board of Directors,



Murray J. Taylor
Co-President and
Chief Executive Officer
IGM Financial Inc.



Charles R. Sims
Co-President and
Chief Executive Officer
IGM Financial Inc.

February 10, 2012